

Steenhuisen warns about exports post-Agoa

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South Africa's Minister of Agriculture, John Steenhuisen. Source: The Brenthurst Foundation

DA leader and agriculture minister in the Government of National Unity, John Steenhuisen, has said the sector should prepare itself for a future without the African Growth and Opportunity Act (Agoa), as an end to duty-free access to the United States appears increasingly likely.

Given the tariff turmoil coming out of the United States, a principal importer of South African agri products, Agoa could be a thing of the past before the end of the year, said Steenhuisen.

His concerns are also backed up by economic analysts who have observed significant disruptions stemming from new US trade tariffs.

Bizcommunity reports that Harry Scherzer, actuary and CEO of Future Forex, said the “reciprocal tariffs” announced by US President Donald Trump on April 9, had injected deep uncertainty into global markets, with effects rippling through indices and currencies across the world.

He pointed out that US high-yield credit spreads, previously resistant to early market dips, had recently recorded their largest movements since the onset of the 2020 pandemic.

Steenhuisen reiterated that broader economic instability would have negative consequences for South African exporters such as citrus farmers, who depend on the preferential terms under Agoa.

Technically, South Africa remains a beneficiary of the agreement until September when it comes up for review.

However, when the 90-day pause on Trump tariffs expires by July, and new 30% duties on certain South African exports to the US come into effect, Agoa benefits will most likely no longer be applied.

XA Global Trade Advisors CEO, Donald MacKay, said after the Trump tariffs announcement, that the agreement was effectively ended by the Trump Administration's mooted trade restrictions against South Africa.

Steenhuisen said South Africa's exports to the US represented about 6% of its international market share, comprising crucial products such as citrus, wine and nuts, exports that would be severely challenged without Agoa.

Scherzer said if 30% levies came into play for South African exports to the US, a \$1 million shipment would face \$300 000 in import tariffs, constituting a cost burden that many agricultural and manufacturing operations would not be able to absorb.

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